

1 and closed on July 3, 2007. See NRS 645B.050(1). All factual allegations herein occurred
2 while First Interstate held an active mortgage broker license. The Division currently classifies
3 First Interstate's license as closed.

4 3. Pursuant to NRS 645B.740 "[t]he expiration or revocation of a license of a
5 mortgage broker or mortgage agent by operation of law or by order or decision of the
6 Commissioner or a court of competent jurisdiction, or the voluntary surrender of a license,
7 does not: 1. Prohibit the Commissioner from initiating or continuing an investigation of, or
8 action or disciplinary proceeding against, the mortgage broker or mortgage agent as
9 authorized pursuant to the provisions of this chapter or the regulations adopted pursuant
10 thereto; or 2. Prevent the imposition or collection of any fine or penalty authorized pursuant to
11 the provisions of this chapter or the regulations adopted pursuant thereto against the
12 mortgage broker or mortgage agent."

14 4. At all relevant times herein, First Interstate's principal office was located at 801
15 S. Decatur, Las Vegas, Nevada 89107.

16 5. Based upon information and belief, and at all relevant times herein, Greg
17 Navone (hereinafter "Navone") was the owner, president, secretary, treasurer, and a director
18 of First Interstate from its incorporation until its dissolution.
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20 6. Based upon information and belief, on November 4, 2004, Randall Bell
21 (hereinafter "Bell") was licensed by the Division as a mortgage agent (License No. 27227)
22 pursuant to NRS 645B and was affiliated with, or employed by, First Interstate from
23 February 14, 2005 to March 14, 2006.

24 7. Based upon information and belief, on June 28, 2005 Sheila Stranahan aka
25 Sheila M. Lombard (hereinafter "Stranahan") was licensed by the Division as a mortgage
26 agent (License No. 31304) pursuant to NRS 645B. Stranahan was affiliated with, or
27 employed by, First Interstate from October 27, 2005 to December 7, 2005.
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1 8. Based upon information and belief, and at all relevant times herein mentioned,
2 Jay Langner (hereinafter "Langner") was a real estate broker licensed by the California
3 Department of Real Estate (License No. 01112665) and affiliated with, or employed by,
4 Pacific Hills Realty located at 27352 Via Priorato, San Juan Capistrano, California 92675.
5 Based upon information and belief, Langner has never been licensed by the Division as a
6 mortgage agent or mortgage broker and Pacific Hills Realty has never been licensed by the
7 Division as a mortgage broker.

8 9. Pursuant to NRS 645B.060, the Division is charged with conducting "such other
9 examinations, periodic or special audits, investigations and hearings as may be necessary for
10 the efficient administration of the laws of this State regarding mortgage brokers and mortgage
11 agents...." See, NRS 645B.060(2)(e).

12 10. Pursuant to NRS 645B.060, the Division commenced an examination of First
13 Interstate on March 14, 2006. During the examination, the Division discovered the following
14 violations of laws and regulations:
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16 a. First Interstate conducted mortgage lending activities at an unlicensed
17 branch office located at 851 S. Rampart, Las Vegas, Nevada, as evidenced by mortgage
18 agents operating from this address, title company checks made payable to First Interstate
19 sent to this address, and the existence of documents prepared or obtained at this address;
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21 b. First Interstate conducted mortgage lending activities at an unlicensed
22 branch office located at 6396 McLeod, Suite 3, Las Vegas, Nevada, as evidenced by the
23 existence of First Interstate loan documents at this address, and First Interstate mortgage
24 agent Weaver's presence at this address;

25 c. First Interstate failed to keep and maintain complete and suitable records of
26 all mortgage transactions, as evidenced by nine (9) closed loan files for eighteen (18) loans,
27 aggregating \$3,120,480.00, originated to AE and DE. These files were incomplete and failed
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1 to include numerous documents contained in the title company's corresponding file;

2 d. First Interstate failed to exercise reasonable supervision over the activities of
3 its mortgage agents, who falsified information on several loan files, and failed to review both
4 loans in process and completed loan files prior to submission to the title company for closing;

5 (i) Specifically, the Division found substantial fraud in eighteen (18)
6 loans to borrowers AE and DE closed by First Interstate mortgage agent Stranahan. The
7 closed loan files contained "generic" 1003 forms which did not disclose other properties
8 purchased by the borrowers and "generic" credit reports which did not disclose the borrowers'
9 total debt obligations;

10
11 (ii) The Division found substantial fraud in two (2) loans to RP originated
12 by First Interstate mortgage agent Bell and unlicensed mortgage agent Langner, as
13 evidenced by falsification of RP's employment and earnings, along with misrepresentation of
14 the transaction as a primary residence purchase;

15 e. First Interstate failed to implement and maintain safeguards to protect
16 customer information in violation of the Gramm-Leach Bliley Act, 15 USC § 6801, et seq., as
17 evidenced by the Las Vegas Metropolitan Police Department's seizure of forty (40) boxes of
18 records containing sensitive information from First Interstate's trash dumpster at 801 S.
19 Decatur.
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21 11. Pursuant to NRS 645B.020(2), "[i]f a mortgage broker will conduct business at
22 one or more branch offices within this State, the mortgage broker must apply for a license for
23 each such branch office."

24 12. Pursuant to NRS 645B.400, "[a] person shall not act as or provide any of the
25 services of a mortgage agent or otherwise engage in, carry on or hold himself or herself out
26 as engaging in or carrying on the activities of a mortgage agent unless the person has a
27 license as a mortgage agent issued pursuant to NRS 645B.410."
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1 13. Pursuant to NRS 645B.450(2), "[a] mortgage broker shall not associate with or
2 employ a person as a mortgage agent or authorize a person to be associated with the
3 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the
4 Division..."

5 14. Pursuant to NRS 645B.460(1), "[a] mortgage broker shall exercise reasonable
6 supervision over the activities of his mortgage agents...."

7 15. Pursuant to NRS 645B.080, "(e)ach mortgage broker shall keep and maintain at
8 all times at each location where the mortgage broker conducts business in this state complete
9 and suitable records of all mortgage transactions made by the mortgage broker at that
10 location."
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12 16. Pursuant to the Gramm-Leach Bliley Act, 15 USC § 6801, et seq., "each financial
13 institution has an affirmative and continuing obligation to respect the privacy of its customers
14 and to protect the security and confidentiality of those customers' nonpublic personal
15 information" and "shall establish appropriate standards... relating to administrative, technical,
16 and physical safeguards: 1. [T]o insure the security and confidentiality of customer records
17 and information; 2. [T]o protect against any anticipated threats or hazards to the security or
18 integrity of such records; and 3. [T]o protect against unauthorized access to or use of such
19 records or information which could result in substantial harm or inconvenience to any
20 customer."
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22 17. Pursuant to NRS 645B.060(2)(c), the Division is charged with conducting "such
23 investigations as may be necessary to determine whether any person has violated any
24 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
25 Commissioner...."
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27 18. Pursuant to NRS 645B.670, as it existed at the time of the violations herein,
28 "[f]or each violation committed by a mortgage broker, the Commissioner may impose upon

1 the mortgage broker an administrative fine of not more than \$10,000, may suspend, revoke or
2 place conditions upon his license, or may do both, if the mortgage broker, whether or not
3 acting as such...[i]s grossly negligent or incompetent in performing any act for which he is
4 required to be licensed pursuant to the provisions of this chapter...[d]oes not conduct his
5 business in accordance with law or has violated any provision of this chapter, a regulation
6 adopted pursuant to this chapter or an order of the Commissioner...[h]as knowingly made or
7 caused to be made to the Commissioner any false representation of material fact...[h]as
8 engaged in any other conduct constituting a deceitful, fraudulent or dishonest business
9 practice...(h)as failed to exercise reasonable supervision over the activities of a mortgage
10 agent as required by NRS 645B.460. See, NRS 645B.670(2)(b), (c), (g), (o), (q).

12 VIOLATIONS OF LAW

13 After investigating this matter, the Division determined that:

14 a. First Interstate conducted mortgage lending activities at unlicensed branch
15 offices located at 851 S. Rampart, Las Vegas, Nevada, and 6396 McLeod, Suite 3, Las Vegas,
16 Nevada in violation of NRS 645B.020(2);

17 b. First Interstate associated with or employed unlicensed mortgage agent Jay
18 Langner in violation of NRS 645B.450(2);

19 c. First Interstate failed to exercise reasonable supervision over the activities of its
20 mortgage agents in violation of NRS 645B.460(1);

21 d. First Interstate failed to keep and maintain suitable records of all mortgage
22 transactions in violation of NRS 645B.080;

23 e. First Interstate failed to implement and maintain safeguards to protect the
24 sensitive customer information contained in the forty (40) boxes of records that had been placed
25 in the trash dumpster at 801 S. Decatur in violation of the Gramm-Leach Bliley Act, 15 USC §
26 6801, et seq; and
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1 f. By the above-mentioned conduct, First Interstate engaged in conduct
2 constituting a deceitful, fraudulent or dishonest business practice, in violation of NRS
3 645B.670(2)(o).

4 **ORDER**

5 NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,
6 pursuant to NRS 645B.750, that upon written application to the Division within twenty (20)
7 days of the date of this Order, Respondent shall be entitled to a hearing with regards to the
8 contents of this Order referenced below. At that hearing the Division will seek:

- 9
- 10 a. To revoke First Interstate's mortgage broker license for its violations of NRS 645B;
 - 11 b. The imposition of an administrative fine against Respondent in the amount of Forty
12 Thousand Dollars and No Cents (\$40,000.00), payable to the Division on account of
13 Respondent's violations of NRS 645B, as well as the Division's attorney's fees, if any,
14 incurred herein, to be proven at the hearing; and
 - 15 c. Respondent's payment, in full, of the administrative fine, costs and fees to the Division
16 within thirty (30) days of entry of the Final Order.

17 Should Respondent request a hearing, Respondent is advised of the following:

- 18
- 19 a) Respondent is entitled to be represented by legal counsel at its own cost and
20 expense; b) At any hearing Respondent shall be entitled to respond and to present evidence
21 and argument on all issues involved; c) Requests may be made to the Commissioner for the
22 issuance of subpoenas; however, the Commissioner may request the proposed testimony of
23 any such person prior to the issuance of the subpoena; and d) Unless precluded by law, the
24 parties may agree to an informal resolution or settlement prior to any hearing.

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Should First Interstate not request a hearing within twenty (20) days of the date of this Order, the Division will enter a Final Order in this matter against First Interstate, as required by NRS 645B.750(2).

Dated this 29th day of March, 2010.

State of Nevada
Department of Business and Industry
Division of Mortgage Lending

By: Joseph L. Waltuch
Joseph L. Waltuch, Commissioner

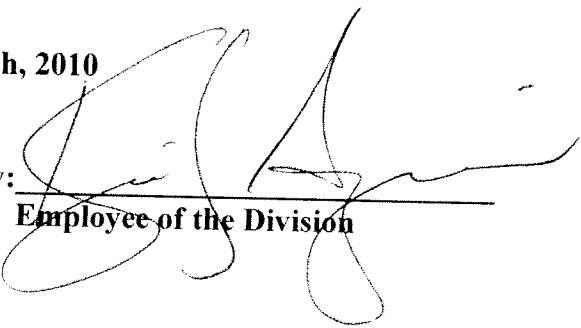
CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on , March 30, 2010, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, AMENDED NOTICE OF INTENT TO REVOKE MORTGAGE BROKER LICENSE, NOTICE OF INTENT TO IMPOSE PENALTY, AND NOTICE OF RIGHT TO REQUEST HEARING for FIRST INTERSTATE MORTGAGE CORPORATION, addressed as follows:

**Greg Navone
First Interstate Mortgage Corporation
c/o Callister and Associates, LLC
823 Las Vegas Blvd S
Las Vegas, NV 89101**

Certified Receipt Number: 7008 1830 0002 7959 5833

DATED this 29th day of March, 2010

By: 
Employee of the Division